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INDUSTRIAL PEACE ACTIVITIES OF THE NATIONAL ELECTRIC LIGHT ASSOCIATION

By ARTHUR WILLIAMS.

No great industry of this country, probably, has been freer from labor troubles throughout its career than that represented by the National Electric Light Association. It should not be understood, therefore, from the title of this article, that the present activities of the association in the field of labor have in mind only the securing or continuance of industrial peace. Rather is the object to provide for the workers of the industry that which, within the scope of modern methods and enlightened public opinion, may be considered a larger measure of industrial justice or compensation. Such measures, it is believed, will insure not only the continuance of the present conditions, but greatly enhanced efficiencies and economies in the service of labor.

Changed Industrial Conditions Affecting Labor

During the past decade, perhaps largely because of bringing electricity into the industrial world, the conditions affecting human labor, individually and collectively, have undergone radical change. Thus to-day men are working in larger groups, at higher speeds and at greater distances from, or under conditions which put them entirely out of touch with, their employers. There is the substitution of machine for human skill, eliminating industrial education, and, in our great manufacturing centers, the human element has been organized and is conducted with machine-like precision. The individual has been subordinated, or elevated, to the average of the whole.

Another unfavorable condition has arisen in the industrial treatment of injured workers or, in the event of fatal accident, of their dependents. As a rule, probably with few exceptions, the employer carries industrial accident insurance under which he is relieved of financial loss in the event of accidents occurring, and his employee finds it very difficult, if not absolutely impossible, to recover compensation from the insurance companies. Their prin-

cipal, if not sole, interest is to pay as little to the injured workman, or to his dependents, as practicable; on one theory or another, supported by legislation or the common law in most, if not all, of our states, the burden of proof of negligence has rested upon the workman. Against this he has been compelled to fight almost overwhelming odds in splendid legal talent and the efficient organizations necessarily maintained by many of the liability companies.

In the meantime, the broken worker finds himself without support, and, with added expenses, facing a merciless deprivation for himself and those dependent upon him; or if the accident be fatal, his dependents must rely upon the charity of friends or of the community. Can it be other than expected that these conditions, affecting millions of our workers, have created an intense hostility, conscious and sub-conscious, not only among those directly affected, but among all related to them? Their fellow workers realize that were they the ones upon whom the injury had fallen, the same crushing effect would come to them and to their families. Is anything needed more automatic or certain to create industrial unrest and class-hatred than conditions such as these?

Responsibility is not to be placed upon the employers alone. It is one result of the growth and changes in modern industry, for which an adequate cure is only now in the process of application. A cause must precede a cure, the discovery of which is often very difficult. Only the strongest employers can afford to carry the human life risk of their industry. A single accident to a small employer would throw him into bankruptcy. The difficulty is that employers have not realized the responsibility resting upon them toward those upon whom they depend for labor, nor the comparatively insignificant cost of providing adequately for any injured worker or his dependents, provided the burden is spread over the industry as a whole.

A tax of as little as one cent a ton on the coal mined in the United States during the past five years would have been sufficient to provide an indemnity fund of more than \$2,000 for the dependents of every miner killed in the course of his work. Five cents a ton added to the selling price would provide an indemnity fund of \$10,000. These figures illustrate the cheapness with which adequate compensation can be provided.

The important change to be made is that employers shall not

purchase the kind of insurance which gives the companies providing it any chance of evading payment. Rather should they purchase insurance which corresponds with fire insurance placed upon property, under which a fair and adequate compensation shall be paid, sufficient to restore the injured to health, or to make up for lessened earning power, or to protect dependents from extreme poverty. As with fire losses, so here the insurance companies should pay the loss, whatever it may be, with the element of speculation or chance absolutely eliminated.

Favorable Labor Conditions in the Electrical Industry

In some phases of its employee relations the electrical industry differs from many of the other organized industries of the country. It has the advantage of being comparatively new, and has spread into hundreds, if not thousands, of fields of public usefulness with remarkably rapid strides. Opportunities, therefore, have been constantly opened up on every hand for everyone with the slightest degree of ambition and ability. The work, study and experience of to-day serve as stepping-stones to something better to-morrow. There are no closed doors.

Another element of advantage in the labor relationship is found in the fact that to at least a very large extent the men holding the higher positions have risen to them from the ranks below. Some found their chance in the clerical departments, others in construction, still others in the boiler and engine rooms of the power plants. Many of the workers began in the lowest positions, paying the smallest wages, oftentimes, because of the difficulties of starting a new enterprise averaging less than those of corresponding positions in other industries.

The men in control of the operation of these plants, for the most part, have a training which permits them to feel and consider sympathetically the needs and opinions of those holding subordinate positions. Not always able, perhaps, to meet their subordinates' views regarding remuneration and other questions, they are yet uniformly of a mind to enter into friendly discussion in such a manner that disappointment is lessened and bitterness is removed.

Perhaps a third and no less important consideration is found in the personal contact between the workmen and the management of electrical properties. There is practically no "absentee management." The men in charge of the plants are directly representative

of the owners in every important sense; frequently they are part owners themselves. Many believe that absentee ownership and management, thus placing these two elements out of touch with labor, lie at the foundation of much of the industrial unrest existing here and in Europe.

Furthermore, this is an industry where skilled labor is absolutely essential to the satisfactory and successful operation of the power plants and the attendant features of the electrical systems through which service is rendered the consumer. While it is an industry in which the machine is relied upon for quality of service, for capacity of plant and for economy of operation, the skill of the individual worker, in whatever field he may be engaged, is still of paramount importance. Thus in the modern central station the fireman of to-day must be a better fireman than in the days before invention began to enter upon the field of human skill. The engineer must be at least equally as competent as the engineer of other days, and, further, he must be able to assume a larger degree of personal responsibility in the care and operation of the great electrical units placed in his charge. The men in control of the electrical departments must have added rather than lessened personal training, must be of sound judgment, quick and reliable in action, and calm and collected under stress of emergency. These are man, not machine, qualities.

And so on through all of the successive steps in the organization. With the growth of the machine, with invention and science in the electrical industry, the man has had to grow in keeping; he has developed up and not down; his ambitions and ideals have been sustained and gratified; all that is best within him has had opportunity to develop to a degree measured only by his own capacity for development.

Present Activities not a Sudden Impulse

The present activities of the association in the field of human labor are not the result of any sudden impulse or change in policy, nor of the social and political questions of the day. These activities had their beginning years back in a spontaneous desire to improve the condition of labor, so far as it could be improved within the industry, rather than to meet any emergency arising through past neglect in this respect. The life of the association goes back more than twenty-five years, and it now has a membership in excess of 12,000.

Of this number more than 1,100 members are central station companies supplying the public with electric light, heat and power, and more than 10,000 are their employees in good standing. The membership of the employees is intended and permitted that they may have the educational advantages of the publications of the association and of attending the various conventions conducted under its auspices. The constant aim and effort of this association has always been of a constructive and educational nature.

The activities of the association may perhaps be divided into four successive cycles or periods. The first would naturally relate to technical matters with reference to the construction and operation of its power plants. The second period was that in which the association's activities were directed toward the development of a wider field of usefulness in the supply of electric current and the obtaining of men having ideals and training in keeping with the high technical development of the men found in the other departments of the industry.

The third distinctive period may be said to be that in which the association began to appreciate the larger measure of responsibility, through the growing change in public opinion, resting upon its members in the conduct of its relations with the public at large. Emphasis was placed upon the careful observance of all state and municipal ordinances, the support of legislative effort toward fair regulation and the supply of satisfactory service at a fair price. To all of these things the members responded quickly and gladly, and we find to-day everywhere the representatives of the electrical industry endeavoring to associate themselves with all that is best in the welfare and general development of the municipalities they are engaged in serving.

The larger interest in human labor, the subject of this paper and to which reference has been made, may be described as the fourth period in the development of the association. It represents an effort to recognize, in some proper and lasting manner, such obligations as may exist to the men and women in the service of the industry and upon whom its best development and continued and satisfactory service to the public may be said to rest.

The Association's Method of Investigation

Various phases of labor questions have been studied by a special committee of the association, called the public policy committee.

This committee is composed of many of the most prominent men in the industry, who, almost without exception, are in executive control of its larger properties. After several years of study and a series of meetings lasting through an entire year, this committee presented a report on the subject of labor before the 1911 convention of the association held in New York City. The importance of the subject and the size of the prospective gathering led to the use of the new theatre, which, notwithstanding one of the most inclement evenings of the season, was crowded from floor to ceiling, such was the intense public interest in the subject.

The most direct way of conveying the views of the association upon the subject of labor, as expressed in the unanimous adoption of this report, will be through the citation of parts of the report itself. Upon the value of labor, the committee reported as follows:

Undoubtedly modern industry on a large scale depends upon three factors: (a) Capital; (b) Direction, executive and administrative; and (c) Labor. All combined and working in harmony are so essential that a partial or dwarfed interest in any one factor would invite absolute failure, or at best make possible only partial success. Neither the interest of capital nor that of direction has been considered by your committee, excepting in so far as either is conserved by an equitable interest in the welfare of labor. Nor have we attempted to pass upon the question of wages, other than to express the belief that in the same locality they should be fully equal to those paid by any other employer engaged in similar work. Wages are a local and independent question, and in this respect, so far as our knowledge goes, the employees of our industry are treated very generously.

The principal questions, of a number, to which the committee gave consideration, in endeavoring to pass adequately upon the subject, follow—again quoting from the report in question:

- (a) Are our employees, individually or collectively, receiving all of the results of their labor to which they may be properly entitled?
- (b) Are they adequately compensated in the event of industrial sickness or accident? Do we appreciate and fairly assume the responsibility, moral if not technical, sometimes resting upon us to restore an injured employee to health, or in the event of a fatal accident to provide adequately for his dependents?
- (c) Do we take sufficient interest in the welfare of our employees when, owing to conditions beyond their control, such as serious sickness, they are in distress and possibly subjected to want and deprivation?
- (d) Are there any available means other than those now employed by which the efficiency of labor can be fairly increased?
- (e) Can the differences between labor and capital be lessened or removed without decreasing the efficiency of labor?

From the nature of the report presented by the committee, and, as stated, unanimously adopted by the association, it was the judgment of the committee that more could be rightly done in the interest of labor than is done in the usual payment of the daily or weekly wage. Clearly was the committee of the opinion that, while the ends of justice would be served in a more adequate provision for labor, an element of compensation to the employers themselves might be fairly expected in the improved character of service that labor would undoubtedly give in return. Instead of close bargaining and an individual and collective determination to render as little service as practicable for the highest possible wage, indifference in regard to the service rendered by fellow employees, lack of care of materials and tools, there would be substituted that character of service which leads not only to the best that the individual has in him, but which inspires all others working around him to render a like service; contentment, good-will and enthusiasm, constant and careful study of the interests of the employer, watchfulness over tools and materials, and a larger and more agreeable measure of personal care of the public, where the service is such that the employees are brought in contact with the public, all making for the highest efficiency.

The point which is emphasized here is that these added arrangements promise to have very important mutual advantages for employers as well as for the employed. They are not to be considered one-sided in which labor, receiving larger and more adequate compensation, would be the sole beneficiary, but that the employer would receive not only service of this better character, but would be introducing measures looking to the general elevation and good-will and contentment of labor, contrasted with the conditions which are to-day found over the industrial world.

With the question of wages adequately cared for, in all instances being enough to insure good health and efficiency, the committee felt that the members of the association might rightly adopt three additional forms of relationship, without asking contributions on the part of the beneficiaries. It was emphasized that our industrial workers want neither philanthropy nor charity, and that any relationship of this kind must be established only in the sense of providing an earned compensation, not a gift on the part of the employer for something his employees have not earned.

These additional elements of compensation to be provided by the employers are as follows:

(a) Full and adequate compensation to the injured workman or his dependents in the event of industrial accident.

(b) "Service annuities," based upon the period and value of the service rendered, after reaching a proper retiring age.

(c) The sharing of profits with all employees who, by the character of their service, have earned a share.

Accident Compensation

In reference to compensation for industrial accidents, the report states:

Your committee believes that the cost of all accidents inherent to our industry should fall not upon the individual employee or his dependents, but upon the industry as a whole. It, therefore, recommends:

(a) That when an accident occurs which is clearly without deliberate misconduct, gross carelessness or reckless disregard of consequences on the part of the employee, the entire cost should be borne by his employer, who should assume full responsibility for restoring the injured employee to health as rapidly as possible.

(b) That full wages should be continued during illness and convalescence for a period of six months, and at the expiration of six months the wages should be continued at one-half the full wages, for life or during disability, unless the "service annuity" to which the employee would be entitled in case of retirement should exceed one-half the wages, in which case the employee would be entitled to the "service annuity."

(c) That in the event of partial disability proportional payments should be made to make up, either wholly or partly, the employee's decreased earning capacity, if there be any.

(d) That in the event of death from accident within the service the payment to which the employee would be entitled in the event of total disability shall be continued:

(1) To his dependents, should there be any, during the employee's expectation of life, under the assumptions of the American Experience Table of Mortality, or

(2) Until a widow should again marry, or dependent children reach the age of sixteen years, or to other dependents such as a father or mother while they live, with such other provisions as may be applicable in individual cases, but in no event to exceed the deceased's expectation of life, under the experience table.

"Pensions," or Rather "Service Annuities"

During its deliberations, the committee came to the conclusion that the term "pension" was inadequate or subject to wrong interpretation. It, therefore, adopted as a substitute term "service annuity" as conveying the idea that the retired worker was by this means receiving compensation for a definite service that he had ren-

dered during his term of employment, but which could not be included in his daily or weekly wage. This was intended as compensation for continuous as well as satisfactory service, and the specific recommendations of the committee are found in the following quotation:

Your committee is of the opinion that our member-companies should provide a service annuity for every permanent male employee who reaches the age of sixty-five years, and for every female employee of sixty years, having a continuous and satisfactory record of ten years of service. In this connection, we desire to offer the following recommendations:

(a) That the entire cost of service annuities should be contributed by the company as part of the annual cost of labor.

(b) That this is to be the compensation to which the employee is entitled, in addition to his wages, for rendering *continuous* and satisfactory service throughout his term of employment.

(c) Should the continuity of the term be broken by the employee of his own volition, the obligation to pay the service annuity would cease. The term, both in reference to the minimum period at which the service annuity can begin and the percentage upon which the amount shall be based, must then begin with renewed or reinstated service.

(d) The possible exception to this rule is where employees are laid off temporarily through no fault of their own. Your committee suggests that if this is done by the company, an employee's service, when not less than nine months yearly, shall be treated additively in determining the service annuity.

Likewise, it is suggested that if employees are temporarily laid off because, say, of the destruction of the power plant, or for similar cause, this should not be considered as an interruption in the continuity of service.

The point is emphasized that the service of the employee is discontinued through no fault of his own, but for economic reasons within the company.

(e) That any employee having a minimum record of ten years of *continuous* and satisfactory service, and who in the opinion of the company has become unfit for duty, may be retired at any age and given a service annuity; that any such employee may make application for retirement, or that the recommendation may be made by his employing officer.

(f) The suggested basis of service annuities is from one to two per cent of the yearly wages, as may be adopted by the company, for each year of *continuous* service, based upon the employee's wages during the highest ten consecutive years of employment.

Profit Sharing

The third of these recommendations is that the principle of profit sharing should be adopted. This is the most advanced and important of the three, and, where adopted in accordance with the recommendations of the committee, has been found to lead to very

satisfactory results. The section of the report bearing upon this subject is quoted in full:

The adoption of the principle of profit sharing by our members is offered as a means for establishing closer, more efficient and more satisfactory relations with our employees.

The following suggestions are offered:

(a) That the justification for profit sharing is to secure and pay for service of fidelity and efficiency.

(b) That the object is to secure *partner* instead of *employee* service; to have our fellow workers *partners* instead of *employees*, in the accepted sense of the term.

(c) That the compensation paid to employees in the form of *profit sharing* should be considered no part of the ordinary wage schedule.

(d) That ordinarily profit sharing should preferably not be paid immediately in cash; local conditions may control this general rule, and at times special reasons may make payments in cash desirable, as for example:

(1) The purchase of a home.

(2) Special circumstances which, in the judgment of those in control of the matter, justify cash payments.

(e) That preferably the profits of the employee should reach him in the securities of the company; or in the case of a subordinate company, the securities of the parent company.

(f) That securities for distribution, in other than special instances, should be secured at the best terms and wherever obtainable; employee security holders would necessarily bear any reduction and receive the benefit of any advance in values or the rate of income paid.

(g) That dividends upon securities acquired through profit sharing should be paid in cash in the manner customary to other security holders, and available for any purpose desired by the recipient.

(h) Your committee emphasizes that one object of profit sharing is to have every employee also an *owner*. If he does not receive securities, this ownership interest may not follow; or if, after receiving the securities, he sells them his lasting interest is not secured.

(i) Your committee recognizes that this feature of its plan calls for the largest contribution required in this movement; on the other hand, the economic results promise to be most important and satisfactory in

(1) More efficient and permanent service;

(2) A tendency greatly to improve the relations between the companies and their employees;

(3) The creation of a large number of security holders from the body of employees who will thus have a double interest in the welfare and success of the property.

(j) In the distribution of the results of profit sharing, your committee desires to impartially suggest two plans, leaving the adoption of either to the judgment of the individual member:

(1) Restricting the sharing of profits to employees who, in the judgment of

those to whom they are subordinate, render specially efficient service. This means that those who are to become participants in profit sharing must be carefully selected from year to year from the employee forces:

(2) Sharing profits alike with all employees having a minimum period of service, say, of one or two full calendar years, excepting under very special circumstances.

(k) Some favor giving at once the maximum amount to all who are entitled to it; others favor increasing the amount with the service, giving the maximum only after several years have elapsed. The latter method places an added premium upon long service, but between the two methods, the committee makes no recommendation, believing that this is a local matter.

(l) Your committee believes that in sharing profits with employees a dividend should be declared annually which bears a fair relation to the income paid to the security holders; we believe that there should be definite relation between the securities and the labor dividend.

Conclusion

While this report was presented to and adopted by the electrical industry of our country, as represented in the membership of the association, the principles laid down are equally applicable to every branch of organized industry. It is especially significant that an industry so favorably situated as this one, in reference to the question of labor, should have considered the matter so thoroughly, and, as a result, should have taken a position so far in advance of any other organized movement of the times. The conclusions and recommendations of the report undoubtedly blaze a trail or open a pathway to a new industrialism, having restored to it that which has been taken away, perhaps in greater measure, and those through whom the restoring is accomplished will in turn receive benefits far in excess of their highest expectations. It is devoutly hoped that this spirit of justice, of progress and of fair dealing will become an inherent part in our national industrial life.